

# INDUSTRY CIRCULAR

DEPARTMENT OF  
THE TREASURY

Bureau of Alcohol, Tobacco and Firearms  
Washington, D.C. 20226

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## ALTERNATE RECORDKEEPING, STORAGE FOR SPECIAL FIREWORKS

Dealers in and Manufacturers and Importers of  
Explosives, and Others Concerned:

Purpose. The purpose of this circular is to inform industry members that ATF Ruling 79-8 will be published in the January-March Quarterly issue of the Alcohol, Tobacco and Firearms Bulletin. This ruling will read substantially as follows:

The Bureau has concluded a study of the effect of Federal explosives regulations on the operations of Federal explosives licensees who manufacture, import, and deal in special fireworks and Federal explosives permittees who use special fireworks. Special fireworks are classified by the Department of Transportation as Class "B" explosives and are regulated by the Bureau of Alcohol, Tobacco and Firearms as low explosives. Their manufacture and distribution require the manipulation of explosive materials in a manner that is utterly unique in the explosives industry.

### A. Alternate Records

Regulations in 27 CFR 181.22 allow the Director to approve alternate methods or procedures subject to stated conditions when he finds that:

- (1) Good cause has been shown for the use of the alternate method or procedure;
- (2) The alternate method or procedure is within the purpose of, and consistent with the effect intended by, the specifically prescribed method or procedure and is substantially equivalent to that specifically prescribed method or procedure; and
- (3) The alternate method or procedure will not be contrary to any provision of law and will not result in an increase in cost to the Government or hinder the effective administration of this part.

The regulations in 27 CFR 181.122, 181.123, 181.124 and 181.125 require the preparation of detailed, separate permanent records of explosive materials received and disposed of. The Bureau finds that entries on commercial records may, subject to the conditions of this ruling, be acceptable as alternative records instead of the separate records required by regulations. In addition the Bureau has determined that the requirement for recording the quantity of explosive materials may be met by recording the number and size of special fireworks articles. This determination applies to permanent records maintained by licensees and permittees and to the alternate recordkeeping provisions described below.

Held, licensees who manufacture, import and deal in special fireworks and permittees who use special fireworks may maintain records as described below, as an alternative to the requirements of 27 CFR Part 181. In order to comply with the regulations, licensees or permittees desiring to utilize the proposed alternate methods and procedures must submit an application to do so under the provisions of 27 CFR 181.22(a) regarding alternate methods and procedures.

1. Production, acquisition, or importation of special fireworks; packaged complete displays; and packaged display segments such as grand finales. In lieu of the record requirements of Sections 181.122(b), 181.123(b), 181.124(b), and 181.125(c), the licensee or permittee may upon approval use invoices or other commercial records when such documents contain all information required by the regulations. Furthermore, the quantity of explosive materials produced, imported, or otherwise acquired may be recorded on the commercial record by showing the number and size of special fireworks articles. These invoices or other commercial records will be acceptable substitutes for required records if they are (a) filed in an orderly manner, (b) kept separate from records of materials other than fireworks, and (c) readily available for inspection on the licensed premises.

2. Distribution of special fireworks; packaged complete displays; and packaged display segments. In lieu of the record requirements of Sections 181.122(c), 181.123(c)(1), 181.124(d), 181.125(c), the licensee or permittee may upon approval use invoices or other commercial documents when such documents contain all information required by the regulations. Furthermore, the quantity of explosive materials distributed may be recorded on the commercial record by showing the number and size of special fireworks articles. These invoices or other commercial records will be acceptable substitutes for required records if they are (a) filed in an orderly manner, (b) kept separate from records of materials other than fireworks, and (c) readily available for inspection on the licensed premises.

B. Preparation of the Explosives Transaction Record, ATF Form 4710 (5400.4)

The regulations in 27 CFR 181.126 provide that a licensee or permittee shall not sell or otherwise distribute explosive materials to any person, other than another licensee or permittee, unless he records the transaction on an Explosives Transaction Record, Form 4710, which shall contain all of the information as indicated by the headings and instructions thereon.

Held, the item on Form 4710 requesting the identification of quantity, size and type of explosive materials including name of manufacturer and all manufacturer's marks of identification may be completed by identifying a commercial invoice. The identified commercial invoice must contain all the information required on the form and such invoice or a copy thereof must be attached to the Form 4710. Further, the requirement for identifying the quantity of explosive materials on Form 4710 may be met by recording the number and size of special fireworks articles.

C. Storage requirements

Under 27 CFR 181.185 of the regulations, explosive materials that are in the process of manufacture or are being physically handled in the operating process of a licensee or permittee do not have to be kept in storage facilities meeting the standards of regulations. The Bureau has determined that explosive materials that have been entered into the manufacturing process for special fireworks, as well as those contained in special fireworks that are partially assembled, should be considered explosive material in the process of manufacture. In addition, as special fireworks in a finished state flow through display packing buildings or areas, they should be considered explosive materials that are being physically handled in the operating process of a licensee or permittee.

Held, the following explosive materials, subject to the stated conditions, are not considered subject to the storage requirements of 27 CFR Part 181 while they are on the premises of a licensee or permittee pursuant to 27 CFR 181.185.

1. Dry explosive powders and mixtures that have been entered into the manufacturing process for special fireworks articles;
2. Unfinished special fireworks articles; and
3. Individual special fireworks articles and packaged display segments that are received into designated packing buildings or areas for sorting, temporary storage, and packing into complete display units.

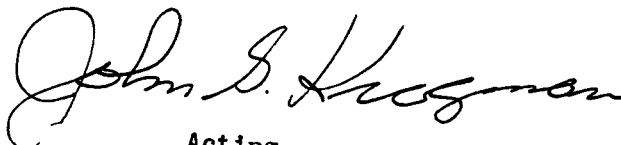
D. Preparation of the daily summary of magazine transactions

The regulations in 27 CFR 181.127 provide that at the close of business each day each licensee and permittee shall record by class of explosive materials, as prescribed in the explosives list, the total quantity received in and removed from each magazine during the day and the total remaining on hand at the end of the day.

Held, licensees and permittees may:

1. Maintain daily magazine summary records at any location on the business premises provided the records separately identify each magazine; and
2. Record the quantities of explosive materials received in and removed from the magazine during the day and the total remaining at the end of the day by showing, as applicable to the magazine contents:
  - (a) The number and size of individual special fireworks articles in a finished state; or
  - (b) The number of packaged display segments or packaged displays.

Inquiries. Inquiries concerning this circular should refer to its number and be addressed to the Assistant Director (Regulatory Enforcement), Bureau of Alcohol, Tobacco and Firearms, 1200 Pennsylvania Avenue, NW., Washington, DC, 20226.



Acting  
Director